Message Text

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PAGE 01 SEOUL 03468 161256Z

12

ACTION EA-10

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E.O. 11652: GDS TAGS: MASS KS

SUBJECT: FY '75 KOREA SECURITY ASSISTANCE PROGRAM

REF: A SECDEF MSG ASD/ISA/DSAA(TC) 5042 DTG 072126Z MAY (S) (NOTAL)

- (B) CJUSMAG-K MSG DTG 010822Z MAY (S)
- (C) COMUSKOREA 150832
- 1. I AM CONCERNED AT THE HIGH \$24 MILLION COST OF PCH&T BEING ASSESSED AGAINST FY '75 KOREAN GRANT AID BY DOD, AND DISAPPROVAL (RF A) OF CHIEF JUSMAG'S REQUEST (REF B) FOR A \$4.4 MILLION REDUCTION OF PCH&T COSTS TO \$19.6 MILLION. ACCORDINGLY, I SHOULD LIKE TO REQUEST REVIEW OF THIS DECISION AND PROPOSAL THAT \$4.4 MILLION REDUCTION IN PCH&T BE USED FOR INITIATION CPIC CONSTRUCTION PROGRAM IN A JOINT US-ROK FUNDING PROGRAM.
- 2. CHIEF JUSMAG INITIATED REF B QUERY AT MY REQUEST.
 ON BASIS OUR OWN ROUGH ESTIMATES WE BELEIVE PCH&T FIGURE CHARGED
 TO ROK MAP IS HIGH. YET AT NO TIME HAS CHJUSMAG BEEN
 ABLE TO OBTAIN FROM DOD SPECIFIC COSTS OF PACKING, CRATING,
 HANDLING, AND TRANSPORTATION BY ITEM FOR MAP '75 DELIVERIES
 TO KOREA, NOR HAS HE BEEN ABLE TO DETERMINE THE FACTORS
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PAGE 02 SEOUL 03468 161256Z

WHICH DOD USED TO COMPUTE THIS HIGH COST ASSESSMENT.

I BELIEVE A CLOSE LOOK MUST BE TAKEN TO DETERMINE WHETHER PCH&T COSTS HAVE BEEN FAIRLY DISTRIBUTED.

- 3. IF INDEED, AS WE SUSPECT, IT PROVES POSSIBLE TO REDUCE KOREAN SHARE OF PCH&T I ALSO AGREE WITH CHIEF JUSMAG AND URGE THAT FUNDS BE DEDICATED TO CPIC PROGRAM. CIPC NOW RANKS AS PRIORITY SIX AGAINST FY '75 GA (TOA) \$82.6 MILLION FUNDING AFTER PCH&T, F-5E FUNDING, ROK TRAINING, UN SUPPORT, AND AIR DEFENSE TECH ASSISTANCE, ALL OF WHICH WE ARE ALREADY COMMITTED TO. ROKS ARE THEMSELVES ANXIOUS THAT WE PUT ANY ADDITIONAL GRANT INTO CPIC. WITHOUT THE US COMMITMENT TO FINAANCE A PORTION OF CPIC IN FY '75, THEY ARE MOST RELUCTANT TO INITIATE A PROGRAM ON THEIR OWN. MOREOVER, THEY CONSTANTLY REMIND US OF SECDEF LAIRD'S LETTER OF 24 COT 72 WHICH STATES WE WOULD PROVIDE CPIC. IN BROADER SENSE I BELIEVE THIS ACTION WOULD BE ADDITIONALLY HELPFUL IN OFFSETTING CURRENT KOREAN CONCERNS CITED IN MY RECENT TELEGRAMS REGARDING THE GENERAL POLITICAL MILITARY SITUATION IN ROK. CHJUSMAG IS CONVINCED THAT WITH \$4.4 MILLION GA FUNDING. ROKS ARE PREPARED TO COMIT \$6.7 MILLION OF THEIR OWN FUNDS TO INITIATE THE CPIC CONSTRUCTION PROGRAM.
- 4. IN ADDITION TO ABOVE I SHOULD ALSO LIKE TO UNDERLINE AND GIVE FULL SUPPORT TO REF C RECOMMENDATION FROM COMUSK THAT \$5 MILLION AVAILABLE FOR EDA BE CONVERTED IF POSSIBLE TO FMS CREDIT FOR FUNDING NIKE-HERCULES TRANSFER. AS EXPLAINED REF C, AS RESULT THIS SWITCH WE WOULD SUBSTANTIALLY LOWER NIKE-HERCULES PRICE AND COULD COVER MUCH LARGER AMOUNT OF TRANSFER. FROM THIS VANTAGE POINT FMS CREDIT THEREFORE SEEMS A MUCH MORE PRACTICAL ROUTE TO GO.

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